



# KING COUNTY INVESTMENT POOL NEWSLETTER

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## Portfolio Breakdown

The following is a breakdown of the Investment Pool holdings for July 2008

	Average (\$000)	% of Portfolio
U.S. Agency Securities	2,627,096	65.7%
Commercial Paper (impaired)	174,840	4.4%
Taxable Municipal Securities	37,782	0.9%
Bankers Acceptances	-	0.0%
U.S. Agency Mortgage-backed Securities	76,837	1.9%
Repurchase Agreements	100,194	2.5%
Treasury Securities	248,920	6.2%
Certificates of Deposit	372,888	9.3%
Local Government Investment Pool	360,101	9.0%
Reverse Repurchase Agreements	-	0.0%
<b>Total</b>	<b>\$3,998,657</b>	

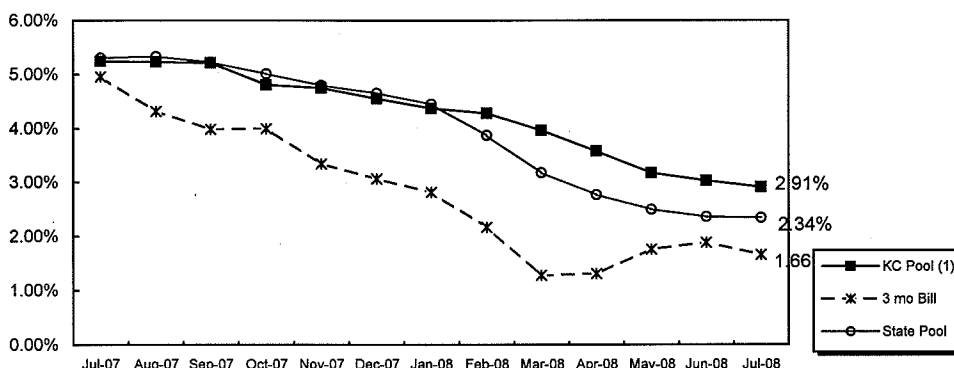
\*Average Pool Effective Duration: 0.50 Years

\*Duration is a measure of the length of the portfolio's expected cash flows and is a better measure of average portfolio life than maturity.

## King County Pool Rating

In January 2008, the rating of the King County investment pool was temporarily suspended by Standard & Poor's pending further information being available on the outcome of restructuring proposals associated with each impaired investment. Standard & Poor's took this action because they have not been able to receive timely information about the impaired investments due to the confidential nature of the various enforcement events and related restructuring proceedings. Based on the current expectation that restructuring proposals will be executed during the second half of 2008, King County fully expects the pool's AAAf rating to be restored during the second half of 2008.

## Investment Pool Performance (before Pool fees)



(1) King County Pool Distribution rate has not been adjusted yet for realized losses from impaired commercial paper investments.

## Pool Net Asset Fair Value on July 31, 2008

Net Assets	3,973,113,833.20		
Net Assets Consist of:			
Participant units outstanding (\$1.00 par)	4,044,187,628.44		
Undistributed and unrealized gains(losses)	(71,073,795.24)		
Net Assets	3,973,113,833.20		
	Combined	Non-Impaired	Impaired
Net asset value at fair value price per share	Pool	Sub-Pool	Sub-Pool
(\$3,973,113,833.20 divided by 4,044,187,628.44 units)	0.9824	1.0021	0.4872

Consistent with our monthly practice, King County has obtained market quotes on all investments, including the four impaired commercial paper investments. The impaired assets represent less than 5% of the pool's month-end asset, and have been factored into the overall net asset value for the pool in July, which stands at about 98.24 cents per dollar invested in the pool. To give pool participants a better estimate of the fair value for their funds we have provided separate prices for the non-impaired and impaired portions of the pool. To obtain an estimate of a fund's fair value, the impaired pool price should be applied to the fund's Maximum Loss Exposure and the price for the non-impaired pool should be applied to the fund's remaining balance. For example, if a fund's balance at the end of July was \$1,000,000 and its Maximum Loss Exposure was \$50,000, the funds fair value would be about \$976,393 (\$950,000 x \$1.0021 + \$50,000 x \$0.4872). Please keep in mind this method provides a reasonable estimate, while exact figures by fund are determined according to each fund's "holding period" for each impaired investment as defined in the adopted impaired investment policy (December 17, 2007). The impaired commercial paper investments are each part of "enforcement events" where a third party receiver is appointed to ensure maximum value to senior creditors, such as the County pool. Actual financial impacts to the pool cannot be determined until these enforcement events are concluded. On December 17, 2007 the County sent out an email to all pool members announcing the adoption of an impaired investment policy that will guide decision making and ensure equitable treatment for all pool members. King County remains committed to sharing information with pool members about investment holdings and the impacts of the current turmoil in global credit markets. Please call the Treasury Operations number at 206-296-7326 if you have questions or need any additional information.